

Message Text

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ORIGIN EB-11

INFO OCT-01 AF-10 ARA-16 IO-14 ISO-00 AGR-20 CEA-02

CIAE-00 COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08

L-03 LAB-06 NSAE-00 NSC-07 PA-04 RSC-01 AID-20

CIEP-02 SS-20 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01

SPC-03 FEA-02 OMB-01 EA-11 EUR-25 NEA-10 OIC-04 /242 R

DRAFTED BY EB/OT/GCP:ELWILLIAMS

APPROVED BY EB/OT/GCP:JEO'MAHONY

STR:AGARLAND

COMMERCE:RKLIEN (SUBS)

TREAS:WBARREDA (SUBS)

ARA/EP:MFRECHETTE

AF/N:DMACK

EB/OT/GCP:DJDUNFORD

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P R 250519Z MAR 74

FM SECSTATE WASHDC

TO USMISSION GENEVA PRIORITY

INFO AMEMBASSY LIMA

AMEMBASSY TUNIS

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E.O. 11652: N/A

TAGS: ETRD, GATT, PE, TS

SUBJECT: GATT BALANCE OF PAYMENTS (BOP) COMMITTEE

MEETING: MINI-CONSULTATIONS ON PERU AND

TUNISIA, MARCH 25

REFS: (A) GENEVA 1831, (B) WILLIAMS/SPRUCE TELCON

1. AS INDICATED REF TELCON, INITIAL WILLINGNESS AMONG

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WASHINGTON AGENCIES TO FOREGO FULL BOP COMMITTEE

CONSULTATIONS ON PERU DISSIPATED WITH REALIZATION (A) THAT PERU HAS NOT CONSULTED UNDER ARTICLE XVIII SINCE JUNE 1970 (EVEN THEN DISCUSSIONS WERE LARGELY PRO FORMA GIVEN DAMAGING EARTHQUAKE COUNTRY HAD JUST SUFFERED) AND (B) THAT THERE HAVE BEEN NO APPARENT EFFORTS ON PART OF GOP TO LIBERALIZE DURING THIS TIME--DESPITE FAVORABLE TRADE BALANCE AND HEALTHY OVERALL BOP SITUATION, INCLUDING A RATHER COMFORTABLE LEVEL OF FOREIGN EXCHANGE RESERVES WHICH NOW SUFFICIENT FOR APPROXIMATELY SIX TO SEVEN MONTHS IMPORTS. ADDITIONALLY, FACT THAT PERU DOES NOT COME BEFORE BOP COMMITTEE AGAIN UNTIL 1977 CREATES YET FURTHER PRESSURE TO CALL FOR FULL REVIEW AT THIS SESSION.

2. ON OTHER HAND, HOWEVER, WE DO NOT WISH TO TAKE ANY ACTION THAT MIGHT BE DETRIMENTAL TO RECENT PROGRESS IN U.S.-PERUVIAN RELATIONS WHICH HAS RESULTED IN LARGE PART

FROM SATISFACTORY RESOLUTION OF LONG-STANDING EXPROPRIATION ISSUES (GREEN MISSION). SIMILARLY, WE WISH TO AVOID GATT DISCUSSIONS AT THIS STAGE WHICH COULD SPARK GENERAL DEBATE OF WHETHER TRADE RESTRICTIONS ARE JUSTIFIABLE MEANS OF DEALING WITH POSSIBLE BOP DIFFICULTIES ARISING FROM INCREASED OIL PRICES.

3. THIS DILEMMA LEAVES US NO ALTERNATIVE BUT TO PRESS FOR INTERMEDIATE SOLUTION. MISSION IS THEREFORE REQUESTED TO CALL FOR FULL CONSULTATIONS, BUT SEEK NOT TO HAVE THEM TAKE PLACE BEFORE EARLY 1975. (GOP HAS INFORMED US THAT IT HAS JUST BEGUN WORK ON ANDEAN COMMON TARIFF, WHICH APPARENTLY IS MAIN REASON PERU SEEKS TO AVOID FULL BOP REVIEW THIS YEAR.)

4. IN SUPPORT OF DELAY UNTIL 1975, MISSION MAY NOTE INTER ALIA THAT THIS TIMING WOULD ENABLE PERUVIANS TO IMPROVE ON INFORMATION CONTAINED IN BOP/141 (WHICH WE CONSIDER SERIOUSLY INADEQUATE IN PRESENT FORM) AND WOULD GIVE COMMITTEE OPPORTUNITY TO REVIEW PERU'S IMPORT REGIME IN CONTEXT OF ADJUSTMENTS ANTICIPATED IN CONNECTION WITH IMPLEMENTATION OF COMMON EXTERNAL TARIFF BY ANDEAN GROUP COUNTRIES. IN ADDITION, MISSION MAY FURTHER INDICATE LIMITED OFFICIAL USE

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DESIRABILITY OF THIS ARRANGEMENT OVER HOLDING INOPPORTUNE CONSULTATION THIS YEAR OR WAITING UNTIL 1977, WHICH WOULD IN EFFECT MEAN NO GATT EXAMINATION OF PERU'S RESTRICTIONS FOR TOTAL OF SEVEN YEARS.

5. SINCE PERUVIAN REP DOES NOT INTEND TO BE PRESENT AT BOP COMMITTEE DISCUSSION ON PERU, MISSION MAY WISH TO INFORM HIM OF U.S. POSITION IN ADVANCE SHOULD HIS SUPPORT

BE NEEDED IN PERSUADING COMMITTEE TO GO ALONG WITH 1975
DATE.

6. MISSION IS AUTHORIZED TO ACCEPT TUNISIA'S COUNTRY
SUBMISSION (BOP/142) IN LIEU OF FULL CONSULTATIONS. WE
WILL PROVIDE INSTRUCTIONS AT LATER DATE RE GENERALLY
FAVORABLE STATEMENT WE INTEND TO MAKE IN GATT COUNCIL
WHEN BOP COMMITTEE REPORT ON TUNISIA IS UP FOR ADOPTION.
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